



## 1. Meeting Agenda

**Meeting Number:** 03/05  
**Meeting Name:** Trade Facilitation Forum  
**Date:** Wednesday 22 June 2005  
**Time:** 11:00am  
**Location:** Customs House,  
10 Cooks River Drive  
Sydney International Airport

## 2. Invitees/Attendees

Y-in attendance, A-apology

### **Customs**

Y David Collins (Regional Director)  
Y Graeme Charlwood (Regional Manager Border Compliance & Enforcement)  
A Jane Bailey (Regional Manager Cargo Assurance & Trade)  
Y Graeme Rayner (A/g Director Compliance Assurance)  
Y Peter Stankiewicz (A/g Director of CMR)  
Y Myron Bosak (Director Cargo & Trade)  
Y Doug Greaves (Director Cargo Assurance)  
Y Tracy Alston (Supervisor Compliance Assurance Team 5)

### **AFIF**

A Brian Lovell (CEO AFIF)  
A Paul Angel  
Y Stuart McFarlane

### **CBFCA**

Y Beatrice Kemp (President CBFCA NSW Branch)  
A Paul Zalai  
A Andrew Crawford  
Y Tony Fatouros  
Y Michael Hudson

### **CAPEC**

A Chris Charlton  
A Robert Battistel

### 3. Agenda

<b>Item No.</b>	<b>Subject</b>	<b>Presenter</b>
1.	Welcome and Apologies	
2.	Minutes from the previous meeting	
3.	Matters arising from the previous meeting	
4.	CMR Update	Customs
5.	Container Examination Facility update	Customs
6.	Benchmarking Auditing system update	Customs
7.	Operation of the Infringement Notice Scheme	Customs
8.	Cargo Status Verification process (replacement of BICR) Update	Customs
9.	General Business	
10.	Next Meeting	

### 4. Minutes

Meeting commenced 11:10am

#### **ITEM 1 Welcome and apologies**

David Collins formally welcomed everyone to the meeting. He introduced Peter Stankiewicz as the acting Director CMR. This is the role previously held by Mal Graham.

Jane Bailey forwards her apologies for being unable to attend this meeting. Apologies were also received from Brian Lovell and Paul Angel, (AFIF), Chris Charlton and Robert Battistel, (CAPEC) and Andrew Crawford and Paul Zalai, (CBFCA).

#### **ITEM 2 – Minutes from the previous meeting**

There is one change to the Minutes of the previous meeting held on 28 April 2005. Item eight, paragraph six should read 40 staff not 40 sites. Tracy Alston agreed to make the required changes.

#### **ITEM 3 – Matters arising from the previous meeting**

##### Redline Documents

Peter Stankiewicz advised that Redline documents would be able to be presented via facsimile and email upon cutover of the ICS. Prior to Cutover concerns with the size of the emails being received need to be addressed. This is going to be further investigated to determine if there are any load restrictions. Tony Fatouros asked if there could be file format issues for attachments and if there was a preferred format for email correspondence. At this stage these aspects have not been considered but DCMR will follow-up this issue and provide an update at the next meeting.

### Client Registration Tickbox

The Client Registration tickbox is not mandatory however it is in the best interest of industry to conduct the check. This advice was provided by email from Dane Cupit (Director Cargo Systems) to the CBFCA representative Paul Zalai.

Beatrice Kemp said she was concerned about repercussions that may be faced by industry that ticked the box to get ahead with the registration process even though the check was not conducted. Advice was sought whether this instruction to industry will be taken into account during auditing. Peter Stankiewicz advised the initial instruction was to check the tickbox for technical reasons to allow the transaction to proceed. The system has been enhanced and this was no longer technically required, only optional. Any future compliance testing will take into consideration Customs instructions for the use of the tickbox. DCMR undertook to advise the actual date of the enhancement.

### **ITEM 4 – CMR Update**

#### ICS Imports Introduction

The commencement of ICS Imports is scheduled for 19 July. The cutover date has not been set as yet and will be decided on or after the next Ministerial Roundtable. The success of business readiness testing will be a factor in deciding Cutover.

#### Customs Business Readiness Simulations

Customs are running business readiness simulations for ICS Imports. Basic air and sea testing is now complete. More complex air and sea test scenarios are currently being planned. Customs Interactive and EDI results to date have been positive. It is unclear at this stage when all the scenarios will be completed. A Ministerial roundtable is scheduled to be held on completion of the business simulations to discuss any business issues and cutover dates however not all scenarios may be completed.

#### Software Development Meeting

A Software Development meeting will be held on Friday 24 June.

#### Air Waybill and Bill of Lading Status

The CBFCA are concerned about not being able to determine the status of bills reported to Customs under the Business Continuity Plan. Stevedores and air CTOs have indicated that as part of contingency arrangements, information may be listed on their websites and available for subscribing brokers and freight forwarders. At this stage Customs has not evaluated what will be offered on these sites. Beatrice Kemp said she was worried about the costs that could be incurred to use this facility, as it appears businesses will be required to subscribe to use this service. Ms Kemp also asked that Customs formally advise clients as to the appropriateness of using such a system.

#### Business Continuity Plan (BCP)

The second version of the BCP has been issued to industry. The feedback provided has been encouraging and the plan is nearing completion. Jim Stewart (Manager ICS BCP) advised that the BCP should be agreed to prior to the cutover

date of ICS Imports. Under contingency arrangements cargo reporting to Customs using email or disks with CSV files will be the preferred method. Industry members who do not have access to a CSV file will be able to obtain a disc from Customs that will allow them to report in the correct format. This will enable prompt Customs processing of cargo reports under contingency arrangements.

#### Data Upload Update

All licensed clients been set up in the ICS production environment. The second load of 16 000 ABN importers is now two thirds complete. The second load of 60 000 supplier codes will take place after the importers upload is complete. Customs will register all suppliers that have been recorded on an import entry at least twice within a twelve-month period between May 2003 and May 2004 and May 2004 and May 2005.

Beatrice Kemp commented that no facility to upgrade client detail information is available for industry. If an exporter is registered in the ICS, the broker is unable to change the client status to include a role of importer. The current procedure is to contact the helpdesk to have this done however there are concerns about the impact this work will have on Customs resources. Myron Bosak responded that Customs is aware of this issue and said that until it is resolved these requests would be forwarded to the second level helpdesk through the escalation process.

#### ICS Imports Training - Industry

ICS cargo reporting Industry training sessions are still available in Sydney. Information can be found on the ACS website for cargo reporting sessions to be held in July.

#### **ITEM 5 – Container Examination Facility update**

Graeme Charlwood reported that during May a good turnover of cargo was achieved with approximately 760-770 containers examined per week. The introduction of EXAMS 2 slowed down the throughput of containers for June however none were held up and these changes should settle down within the next couple of weeks. Productivity is expected to return to normal.

There have been no complaints received from industry about storage charges. Stevedores appear to be more reasonable in their approach to storage charges.

Graeme Charlwood also reported that there was an increase in the number of export containers examined at the CEF. Customs are conscious of the impact of export containers being held up and that some export containers are delivered very close to the expected shipment time. The number of export containers examined is expected to increase in the future.

Stuart McFarlane enquired about the timeliness of cargo reporting. David Collins replied that at a recent Sydney Port Users Consultation Group meeting he reported 70% were on time. This figure is down from the previous 85% reported on time. Customs will be undertaking a campaign to improve this reporting rate.

It was indicated by Tony Fatouros that some master waybills received from overseas lack the information required for reporting as they do not have a thorough understanding of processes and this results in some slow cargo reporting.

There is currently a project being run by Sydney Customs that is following the late reporting of sea freight. This enables Customs provide feedback to freight forwarders and shipping companies to encourage improvement and identify any areas of non-compliance. This has also been implemented for airfreight although it has not been running as long. Based on these reports Customs has undertaken client education visits to companies that are consistently reporting late.

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### **ITEM 6 – Benchmarking Auditing system – policy and procedures**

Graeme Rayner reported on the Benchmark Audit findings. Companies forwarded all remaining outstanding documentation to Customs. This enabled the completion of all Benchmark activity for the year. There are too many audit results to report separately, however the errors remain common. Results from two audits are provided in the following examples.

- Thirty lines were tested from a population of 16 000 import lines with a total CVAL of \$400 million. Eighteen errors were identified which include three GST, four classification, one duty and ten valuation errors.

The same company had \$25 million in export shipments. Of these 30 lines were examined and found 11 errors. There were eight FOB, two net quantity and two AHECC errors.

- Thirty lines were tested from a population of 53 000 import lines. Sixteen errors were detected. Valuation, duty, classification and ATO errors were detected.

The same company had 27 export lines examined and 20 of those were in error. Net quantity, FOB, AHECC and commercial documentation were the errors detected.

Customs follows Benchmarking audits up with client education and further auditing to ensure companies are attempting to improve their compliance. Idle EDNs however do remain a separate problem.

Beatrice Kemp asked where the errors were occurring. She said that further breakdown would be useful to assist in training to address areas of weakness. Graeme Rayner replied that there is still confusion between quantity and net weight fields. Graeme will be compiling a twelve-month summary of all errors from Benchmark testing and present them as graphs which will be useful in the identification of overall areas of weakness.

Benchmark audits are not based on risk assessment principles. These are selected across industry using stratified sampling methods. Areas of high risk are addressed

using a different process. Benchmarking audits took the place of IEQ documentary examinations.

Concerns were raised about the use of the compliance scorecard as it can vary from audit to audit. An instance occurred where a broker was given a low error rate from the compliance scorecard after a Benchmarking audit but it reflected a higher score in a follow-up Benchmarking audit. Graeme Rayner advised the compliance scorecard is evenly weighted and possibly the different results were from a Benchmarking audit compared to a Focussed audit.

### **ITEM 7 – Operation of the Infringement Notice Scheme in NSW**

Graeme Charlwood reported that the Penalties 2 system had been introduced to Customs. This system has been working well when issuing Warning Letters however it is having difficulties in producing Infringement Notices. The data is being accepted accurately however difficulties are being experienced when generating the automated notices. This has resulted in delays in the issue of some notices.

The following information is about the operation of the Infringement Notice Scheme in NSW.

#### April

- There were no Warning Letters issued
- There were no Infringement Notices issued.

#### May

- There was one warning letter issued. This was for s.243T.
- There was one Infringement Notice issued.

### **ITEM 8 – Cargo Status Verification process (replacement of BICR) Update**

From 1 June 2005 the Broker Initiated Print Release (BCR), also known as 'print contingency release' has been removed from COMPILE. The new system is to be used if there are problems with goods that have been cleared but the status advice to CTOs/depots has not been received.

Myron Bosak advised that although this system has been in operation for only 21 days, there have been 835 requests received. This means that on average there are around 60 requests received per working day and approximately 80% of those are via email. Initially there were some minor teething problems with the system and industry knowledge has now improved on how it works, but it appears to be progressing smoothly at this stage, ignoring the high number of requests.

A review will be conducted in July to see how the system has been operating and to see if it can be enhanced by addressing any problems identified. One focus of the review will be to look at regular users of the system to determine the reasons for this and possible solutions.

Beatrice Kemp mentioned an incident where there was a delay in response for the

release of two tonne of cargo over the long weekend. Myron Bosak responded that he was unaware of this situation and queried whether the job had been flagged as urgent as only one complaint had been received since the introduction of the system. Beatrice expressed interest in canvassing industry to determine their thoughts on the new system. Myron indicated he would be interested in these results to include in the Customs review.

David Collins suggested that Compliance Assurance could address education of high users in the future.

## **ITEM 9 – General Business**

### Changes to Tariff Items

Beatrice Kemp discussed a letter that was sent to the CBFCA from Customs CAT2 advising that Customs are researching the use of Customs Tariff Schedule 4 Item 53B. In particular there will be some tariff items targeted where the use of this concession is no longer permitted. Changes to a Tariff Item in relation to a TCO should be automatic in the system. Systems cannot always be relied on to pick up these changes.

David Collins responded that there would be a new Tariff rate file in ICS Imports so this should no longer be of concern. He requested a copy of the letter received by the CBFCA and will further pursue this issue.

### USFTA

Michael Hudson indicated that under the USFTA exports from Australia could attach a form that is acceptable to the US Customs. He was not aware of any form for goods being imported from the United States that is accepted by Australian Customs. David Collins has requested an example of the document that is being used for this purpose.

### ICS User Representative

Paul Zalai has taken on the role as ICS User Representative for the period 1 July to 31 December 2005. He has expressed an interest to continue attending any future Trade Facilitation Forum Meetings. All welcomed Paul's attendance and an extended invitation will be sent to him for all future meetings.

### Freight Industry Advisory Board (FIAB)

David Collins advised that Customs would provide a submission to the Freight Industry Advisory Board which is currently looking at the seafreight infrastructure within Sydney. The State Government aim is to have 40% of containers are transported by rail from Port Botany by 2011. The Sydney Ports Corporation is also interested in the development of intermodal terminals or hubs around Sydney.

More information should become available after the FIAB reports to the State Government in late July or early August. The State Government is the driving force behind this project and it was identified in the last Budget. Customs is a key stakeholder in this project as there are issues to be addressed such as movement of underbond and high-risk cargo.

### Aviation Security

David Collins asked if there were any implications as a result of the tightening of aviation security. There were no issues identified.

### CI&SC

Customs is in the preliminary stages of establishing a forum for users of the Customs System Support network. Membership of this forum will include industry representatives. This forum will provide a platform for discussions and consultations on issues of relevance to users of the systems support network. Paul Zalai has been approached informally and he indicated his support for the idea of a forum.

### **ITEM 10 – Next Meeting**

The scheduled date of the next meeting is Wednesday 17 August 2005. It will be held at Customs House, 10 Cooks River Drive, Sydney International Airport.

Meeting concluded at 12:25pm.

<b>Item/Decision</b>	<b>Specified action required</b>	<b>Name of the responsible officer/s</b>	<b>Date by which the action needs to be completed</b>
1. Amendment to Minutes	Amendment required to Minutes of 28 April 2005. Item 8, paragraph 6 should read 40 <u>staff</u> not 40 sites.	Tracy Alston	Prior to next Trade Facilitation Forum Meeting
2. Redline Documents	Determine if there is a preferred format for email correspondence in relation to redline documents and determine whether implementation can occur prior to Cutover.	Peter Stankiewicz	17 August 2005 - next Trade Facilitation Forum Meeting
3. Tariff Item 53B	Obtain a copy of the letter received by the CBFCA in relation to the CAT2 exercise on	David Collins	17 August 2005 - next Trade Facilitation

<b>Item/Decision</b>	<b>Specified action required</b>	<b>Name of the responsible officer/s</b>	<b>Date by which the action needs to be completed</b>
	Tariff Item 53B for investigation of this issue.		Forum Meeting
4. Client Registration Tick Box	Determine date of ICS enhancement that rendered the tick box optional.	Peter Stankiewicz	17 August 2005 - next Trade Facilitation Forum Meeting

NB. Regular updates will be provided on the Container Examination Facility, Benchmarking Auditing, Infringement Notice Scheme and CMR.